

FEASIBILITY (CAPITAL PROJECTS ONLY)

This criterion assesses the agency's readiness to implement the proposed project. To be considered for funding a project must be able to demonstrate that it can meet ALL of the following feasibility criteria, which demonstrate a project's readiness to begin and viability through completion of the project. A recommendation of funding for the year of placement will be contingent on a project's ability to demonstrate that it can meet ALL of the feasibility criteria.

Yes

All feasibility criteria are in place.

Conditional

Not all feasibility criteria are in place. Incomplete criteria can easily be resolved prior to July 1, 2003.

No

Not all feasibility criteria are in place. Incomplete criteria cannot be resolved prior to July 1, 2003.

CRITERION 1: SITE CONTROL

Project must demonstrate evidence that it can obtain site control for a 15-year period.

Acquisition Projects: Evidence of option to purchase land/property of at least 12 months or of shorter duration but renewable up to 12 months, AND a satisfactory plan to exercise the option within the option period. WARNING: A binding offer should not be made prior to receipt of CDBG funds.

Project Owned Site: Board Resolution stating building will remain in same use for 15 years upon approval of CDBG grant.

Project Leased Site: 15 year lease, or Board Resolution and statement of landlord demonstrating agreement to enter into a 15 year lease upon approval of CDBG grant, AND approval of landlord to perform renovation work. NOTE: Lease must include assignability.

CRITERION 2: PERCENTAGE OF TOTAL PROJECT BUDGET IN PLACE

This criterion measures the percentage of the total project budget that is in place, regardless of the amount leveraged. For a project to be considered ready to go it must have at least 75% of ALL funding in place at the time of application.

In addition, the remaining 25% of the total project budget must be in place by the end of the first quarter, September 30, following the start of the program year July 1. If project fails to meet this criterion, the project will be canceled and the funds allocated to the project will be returned to the CDBG reserve for re-allocation. NOTE: Total project budget is defined as the total cash needed to complete the CDBG funded phase of the project. This does not include land, in kind donations etc. that may be used as a match

for Leverage (General Criterion 3).

CRITERION 3: COMPLIANCE WITH CITY SECURITY REQUIREMENTS

This criterion measures project's ability to meet City security requirement of a first position on the Deed or Leasehold Deed of Trust.

Acquisition Project: Project must demonstrate how it will ensure that the City of San Jose will have a first position on the Deed of Trust, or a second position subordinate to a government lender with equivalent or greater use restrictions.

Project Owned Site: Project must submit a Title Report. If there are liens on the property, project must provide evidence of an 80% loan to value ratio or greater AND a plan showing the source of funds that will be used to pay off any outstanding loans.

Project Leased Site: Statement of consent of landlord to encumber the leasehold interest in order to assign the lease to CDBG so the City can continue to operate a CDBG eligible program in the facility in the event the lease is broken.

Project Leased Site from a School District: Project must obtain a 15 year lease from the school district that is assignable to the City of San Jose AND a School Board Resolution stating that if the lease is broken within five years it will return the full amount of the grant, and if the lease is broken within 6 - 15 years, the grant will be paid back pro-rated on the amount of the grant paid out to date.

CRITERION 4: AVAILABILITY OF ONGOING OPERATING COSTS

This criterion measures the ability of the organization to support the project upon completion. Project must demonstrate it has the resources to fund services upon completion of the project, and the operation and maintenance of the facility upon completion of the project. NOTE: All ongoing operating costs must be non-CDBG funds.

CRITERION 5: PLAN FOR CONSTRUCTION MANAGEMENT

Construction projects must have a feasible plan for construction management in place. The following questions must be answered: Will you be using an architect and/or construction manager? Will their services be provided pro bono? If not what funds will be used? (i.e. CDBG, other matching funds, agency)

NOTE: This criterion is not applicable to acquisition projects.